



General Assembly

January Session, 2007

**Substitute Bill No. 7149**

\* \_\_\_\_\_HB07149HSGPD\_030607\_\_\_\_\_\*

**AN ACT CONCERNING HOUSING FOR ECONOMIC GROWTH.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (*Effective July 1, 2007*) As used in sections 1 to 16,  
2       inclusive, of this act:

3       (1) "Affordable housing" means housing for which persons and  
4       families pay thirty per cent or less of their annual income, where such  
5       income is less than or equal to eighty per cent of the lesser of the state  
6       median income or the area median income for the municipality in  
7       which such housing is located, as determined by the United States  
8       Department of Housing and Urban Development.

9       (2) "Affordable housing deed restriction" means a deed restriction  
10      filed on the land records of the municipality, containing covenants or  
11      restrictions that require a single-family residence or the dwelling units  
12      in a multifamily building to be sold or rented only to persons or  
13      families whose income is less than or equal to eighty per cent of the  
14      lesser of the state median income or the area median income for the  
15      municipality in which such housing is located, as determined by the  
16      United States Department of Housing and Urban Development, and  
17      that shall constitute "affordable housing", within the meaning of this  
18      section.

19       (3) "Affordable housing sponsor" or "sponsor" means (A) the owner  
20 or developer responsible for the acquisition, construction and  
21 operation of housing located in a housing incentive zone, in which at  
22 least twenty per cent of the units are available as affordable housing  
23 for a period of not less than thirty years, or other appropriate entity  
24 with respect to such housing which may include, the owner or  
25 occupant of a unit in such housing, or (B) the municipality in which  
26 such housing is located, acting as trustee for such owner, developer or  
27 appropriate entity.

28       (4) "Approved housing incentive zone" means an overlay zoning  
29 that has been adopted by a zoning commission and for which a letter  
30 of eligibility has been issued by the Office of Policy and Management  
31 under section 5 of this act.

32       (5) "Authority" means the Connecticut Health and Educational  
33 Facilities Authority.

34       (6) "Building incentive payment" means the one-time payment,  
35 made pursuant to subdivision (1) of subsection (a) of section 7 of this  
36 act, for each qualified housing unit, located within a housing incentive  
37 zone, for which a building permit has been issued.

38       (7) "Capital appreciation bonds" means bonds where interest is  
39 compounded at a stated rate and payable only at the maturity or prior  
40 redemption thereof.

41       (8) "Construction" means the creation of additional housing units by  
42 (A) construction of housing units, (B) substantial rehabilitation of an  
43 existing residential building, or (C) conversion of existing  
44 nonresidential buildings to residential buildings.

45       (9) "Development" means a proposed residential or mixed-use  
46 development within a housing incentive zone.

47       (10) "Duplex" means a residential building containing two units.

48       (11) "Eligible location" means a location that includes, but is not  
49 limited to, the following: (A) An area near a transit station, including  
50 rapid transit, commuter rail and bus or ferry terminals; (B) an area of  
51 concentrated development, including a commercial center, other  
52 existing residential or commercial district or village district established  
53 pursuant to section 8-2j of the general statutes; or (C) an area that,  
54 because of existing infrastructure, transportation access or  
55 underutilized facilities or location, is suitable for development as a  
56 housing incentive zone.

57       (12) "Fund" means the Housing for Economic Growth Fund  
58 established in accordance with section 15 of this act.

59       (13) "Historic district", means a historic district established pursuant  
60 to part 1 of chapter 97a of the general statutes.

61       (14) "Housing incentive development" means any residential or  
62 mixed-use development that is (A) proposed within a housing  
63 incentive zone after adoption of such zone by the zoning commission,  
64 (B) eligible for financial incentives set forth in sections 2 to 16,  
65 inclusive, of this act, and (C) subject to an affordable housing deed  
66 restriction that requires at least twenty per cent of the units in the  
67 development to remain affordable for at least thirty years to  
68 individuals or households whose annual income is not more than  
69 eighty per cent of the median income.

70       (15) "Housing incentive zone" means a zone adopted by a zoning  
71 commission pursuant to section 3 of this act as an overlay to one or  
72 more existing zoning districts, in an eligible location and within which  
73 a developer may apply for approval to construct a housing incentive  
74 development.

75       (16) "Housing incentive zone certificate of compliance" means a  
76 written certification issued by the Office of Policy and Management in  
77 accordance with section 6 of this act.

78       (17) "Letter of eligibility" means a letter to a municipality issued by

79 the Office of Policy and Management, under section 5 of this act,  
80 approving a housing incentive zone application.

81 (18) "Median income" means, after adjustments for family size, the  
82 lesser of the state median income or the area median income for the  
83 area in which the municipality containing the affordable housing is  
84 located, as determined by the United States Department of Housing  
85 and Urban Development.

86 (19) "Mixed-use development" means a development containing one  
87 or more multifamily or single-family residential uses and one or more  
88 commercial, institutional, industrial or other uses.

89 (20) "Multifamily housing" means apartment or condominium units  
90 in buildings which contain or will contain three or more residential  
91 units.

92 (21) "Municipality" means a municipality participating in the pilot  
93 program established in section 2 of this act.

94 (22) "Office" means the Office of Policy and Management.

95 (23) "Open space" means land or permanent interest in land that  
96 meets one or more of the criteria listed in subsection (b) of section  
97 7-131d of the general statutes.

98 (24) "Redevelopment" means construction that will exceed fifty per  
99 cent of the assessed value before a building or a change in use of a  
100 structure from nonresidential to residential.

101 (25) "State assistance" means a payment by the state of actual debt  
102 service, comprised of principal, interest and reasonable operating  
103 reserves, interest rate swap payments, liquidity fees, letter of credit  
104 fees, trustee fees and other similar bond-related expenses.

105 (26) "State assistance agreement" means any contract entered into by  
106 the state, acting by and through the Secretary of the Office of Policy

107 and Management and the State Treasurer, with the Connecticut Health  
108 and Educational Facilities Authority providing for state assistance  
109 pursuant to section 14 of this act.

110 (27) "Townhouse multifamily housing" means a residential building  
111 of three or more residential units with two or three stories having  
112 common walls, but not sharing the other side of ceilings or floors or  
113 the back of the unit with other residential units.

114 (28) "Zoning commission" means a zoning commission participating  
115 in the pilot program established in section 2 of this act.

116 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) (1) The Secretary of the  
117 Office of Policy and Management shall establish a housing incentive  
118 pilot program in accordance with the provisions of sections 1 to 16,  
119 inclusive, of this act. The pilot program shall operate in ten  
120 municipalities, three of which shall have a population of more than  
121 one hundred thousand and seven of which shall have a population of  
122 less than one hundred thousand. A municipality shall apply to the  
123 secretary to participate in the program in accordance with procedures  
124 prescribed by the secretary.

125 (2) On or before January 1, 2008, and annually thereafter, the  
126 secretary shall submit a report to the select committee of the General  
127 Assembly having cognizance of matters relating to housing describing  
128 the status of the pilot program.

129 (b) A zoning commission may adopt regulations as part of the  
130 zoning regulations adopted under section 8-2 of the general statutes or  
131 any special act to establish a housing incentives zone in accordance  
132 with the provisions of this section.

133 (c) A housing incentive zone shall satisfy the following minimum  
134 requirements:

135 (1) The zone shall be located in an eligible location.

136       (2) Density shall be determined based on land area that can be  
137 developed in the municipality. The minimum density for residential  
138 uses shall be: (A) Six units per acre for single-family detached housing;  
139 (B) ten units per acre for duplex or townhouse multifamily housing;  
140 and (C) twenty units per acre for multifamily housing. The density  
141 shall be at least twenty-five per cent more than the density allowed in  
142 the underlying zone to qualify for the financial incentive payments  
143 provided for in sections 1 to 16, inclusive, of this act.

144       (3) The minimum residential densities set forth in subdivision (2) of  
145 this subsection shall be subject to site plan procedures, submission  
146 requirements and approval standards, and shall not be subject to  
147 special permit or special exception procedures, submission  
148 requirements or approval standards.

149       (4) The housing incentive zone may contain one or more subzones  
150 and different types of housing, a combination of housing and other  
151 commercial uses or only commercial uses without housing may be  
152 allowed in distinct subzones.

153       (5) Not less than twenty-five per cent of the residential units in each  
154 housing incentive development shall be affordable housing subject to  
155 an affordable housing deed restriction.

156       (6) The land area of a housing incentive zone may not exceed fifteen  
157 per cent of the total land area in the municipality unless, upon request  
158 of the municipality, the Office of Policy and Management determines  
159 that a larger land area for a housing incentive zone serves the goals  
160 and objectives of sections 1 to 16, inclusive, of this act.

161       (7) The aggregate land area of all approved housing incentive and  
162 subzones in a municipality shall not exceed twenty-five per cent of the  
163 total land area in the municipality.

164       (d) A zoning commission may modify its zoning regulations  
165 pertaining to the dimensional standards contained in the underlying  
166 zoning in the housing incentive zone regulations in order to support

167 desired densities, mix of uses and physical compatibility. Standards  
168 subject to modification or waiver may include, but shall not be limited  
169 to, building height, setbacks, lot coverage, parking ratios and locations  
170 and roadway design standards.

171 (e) The regulations for a housing incentive zone may allow for a mix  
172 of business, commercial or other uses in the zone consistent with  
173 permitted use. If mixed use developments are allowed, the Office of  
174 Policy and Management may approve proportionate reductions in the  
175 minimum housing density.

176 (f) A housing incentive zone may overlay an existing historic district  
177 or districts. A municipality, with the approval of the Office of Policy  
178 and Management, may establish a historic district in an approved  
179 housing incentive zone, provided establishment of such historic  
180 district does not render the municipality noncompliant with the  
181 provisions of sections 1 to 16, inclusive, of this act. The historic district  
182 may be coterminous or noncoterminous with the housing incentive  
183 zone. Within any such historic district, the requirements of the historic  
184 district shall apply to existing and proposed buildings, provided such  
185 requirements are not inconsistent with the provisions of sections 1 to  
186 16, inclusive, of this act.

187 (g) An applicant for site plan approval to construct a housing  
188 incentive development within an approved zone may propose, and the  
189 municipal zoning commission may approve, (1) that more than twenty  
190 per cent of the total proposed units shall be subject to an affordable  
191 housing deed restriction; (2) that the maximum annual income of  
192 qualifying individuals or households may be less than the limit stated  
193 in subdivision (15) of section 1 of this act; and (3) that the duration of  
194 the affordable housing deed restriction may be longer than thirty  
195 years.

196 (h) The provisions of sections 1 to 16, inclusive, of this act shall not  
197 be construed to affect the power of a zoning commission to amend its  
198 regulations adopted under section 8-2 of the general statutes or any

199 special act.

200 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A zoning commission, in  
201 adopting regulations for a housing incentive zone, may establish  
202 design standards for development within such zone. Such design  
203 standards shall be part of the site plan approval process and (1) shall  
204 ensure that physical development within the housing incentive zone is  
205 complementary to adjacent and neighboring buildings and structures,  
206 and consistent with the housing plan provided for in section 4 of this  
207 act and the plan of conservation and development of the municipality  
208 adopted under section 8-23 of the general statutes; and (2) may address  
209 the scale and proportions of buildings; site coverage; the alignment,  
210 width and grade of streets and sidewalks; type and location of  
211 infrastructure; the location of building and garage entrances; off-street  
212 parking; protection of significant natural site features; and location and  
213 design of on-site open spaces, exterior signs and setbacks and  
214 buffering in relation to adjacent properties.

215 (b) A design standard shall not be adopted if such standard will  
216 unreasonably increase the cost of residential or mixed-use  
217 developments or unreasonably impair the economic feasibility of  
218 subjecting at least twenty per cent of the residential units to a housing  
219 incentive restriction.

220 (c) The Office of Policy and Management may disapprove a request  
221 for the determination of eligibility for a housing incentive zone under  
222 section 5 of this act if a design standard will unreasonably increase  
223 such costs or unreasonably impair such economic feasibility but may  
224 not make other determinations with regard to the design standards. A  
225 statement from an applicant for site plan approval within a proposed  
226 or approved housing incentive zone that the design standards are  
227 reasonable and economically feasible, shall be dispositive with regard  
228 to the issue of reasonableness of the design standard.

229 (d) A zoning commission may amend design standards, but any  
230 proposed amendment shall be submitted to the office for a



231 determination whether such amendment is consistent with section 2 of  
232 this act.

233       Sec. 4. (NEW) (*Effective July 1, 2007*) A municipality may file with the  
234 Office of Policy and Management an application for preliminary  
235 determination of eligibility for financial incentives under section 7 of  
236 this act and housing incentive education cost reimbursement under  
237 section 8 of this act. Such application shall be filed prior to approval by  
238 the zoning commission of a proposed housing incentive zone and  
239 shall:

240       (1) Identify and describe the boundaries of the proposed housing  
241 incentive zone;

242       (2) Identify and describe the land area that can be developed within  
243 the proposed housing incentive zone;

244       (3) Identify and describe (A) existing residential development  
245 opportunities within the proposed housing incentive zone, and (B) the  
246 reuse of existing buildings and underutilized buildings within already  
247 developed areas in the zone, such as underutilized residential,  
248 commercial, industrial or institutional buildings or uses that have the  
249 potential to be recycled or converted into residential or mixed-use  
250 developments;

251       (4) Identify the number of additional residential units that can be  
252 established within the existing zone;

253       (5) Include a housing plan that estimates the projected total number  
254 of units and affordable housing units that can be constructed within  
255 the proposed housing incentive zone;

256       (6) Include a copy of the proposed housing incentive zone  
257 regulations and design standards; and

258       (7) Include a plan for administering and enforcing housing incentive  
259 restrictions, including the proposed text of such restrictions.

260 Sec. 5. (NEW) (*Effective July 1, 2007*) (a) Upon application by a  
261 municipality under section 4 of this act, the Office of Policy and  
262 Management shall make a preliminary determination of eligibility not  
263 later than sixty days after receipt of the application. At least thirty days  
264 before making such preliminary determination, the office shall  
265 electronically give notice of the application for a preliminary  
266 determination to all persons who have provided the office with a  
267 current electronic mail address and a written request to receive such  
268 notices. If, after review, the office determines that the municipality is  
269 eligible, the office shall issue a letter of preliminary eligibility to the  
270 municipality. If the office determines that the proposed housing  
271 incentive zone is not eligible, the office shall notify the municipality of  
272 the reasons for such determination. A municipality may reapply for  
273 approval after addressing the reasons for ineligibility.

274 (b) If a municipality with a population of less than five thousand as  
275 determined by the most recent federal decennial census submits to the  
276 Office of Policy and Management, as part of an application for  
277 preliminary eligibility, evidence of sewer, water supply, traffic safety  
278 or other existing, substantial infrastructure limitations that prevent  
279 adoption of the minimum densities provided for in subdivision (2) of  
280 section 4 of this act, and the proposed housing incentive zone satisfies  
281 all other requirements under sections 1 to 16, inclusive, of this act, the  
282 office may approve such zone with not less than four units per acre for  
283 single family housing, not less than six units per acres for duplex or  
284 townhouse, and not less than six units per acre for multifamily  
285 housing.

286 (c) After issuance of a letter of preliminary eligibility and upon  
287 receipt of proof of adoption of the housing incentive zone in the form  
288 considered, the office may approve such housing incentive zone.

289 Sec. 6. (NEW) (*Effective July 1, 2007*) (a) Each municipality with an  
290 approved housing incentive zone shall annually, in accordance with  
291 procedures established by the Office of Policy and Management, apply  
292 for a housing incentive zone certificate of compliance. To receive a

293 certificate, the municipality shall verify within the time specified by  
294 the office that:

295 (1) The municipality has adopted and continues to have in effect an  
296 approved housing incentive zone that is the subject of such certificate;

297 (2) Certification of the housing incentive zone has not been revoked  
298 by the office;

299 (3) The municipality is making reasonable efforts to assist and  
300 promote construction of housing in accordance with the regulations of  
301 the approved zone; and

302 (4) The zoning commission of the municipality has not  
303 unreasonably denied plans for development or has only denied plans  
304 for development in a manner consistent with housing incentive zone  
305 regulations and the housing plan of the municipality provided for in  
306 this section and the provisions of sections 1 to 16, inclusive, of this act.

307 (b) The Office of Policy and Management shall issue approved  
308 certificates on or before October first annually. If the office is unable to  
309 certify compliance, the office shall hold a public hearing in accordance  
310 with chapter 54 of the general statutes. If the office concludes that the  
311 municipality is in material noncompliance with the requirements of  
312 sections 1 to 16, inclusive, of this act, the office may revoke  
313 certification. Any revocation of certification shall not affect the validity  
314 of the housing incentive zone regulations, or the application of such  
315 regulations to land, development or proposed development within the  
316 housing incentive zone, but may affect the municipality's eligibility for  
317 the financial incentive payments provided for in sections 1 to 16,  
318 inclusive, of this act.

319 (c) A municipality shall submit each amendment or repeal of a  
320 housing incentive zone regulation to the office, along with an  
321 evaluation of the effect of the amendment or repeal on the housing  
322 plan of the municipality provided for in section 4 of this act. If the  
323 office determines that the amendment or repeal adversely affects the

324 purposes of the housing incentive zone, the office may revoke the  
325 certification provided for in this section.

326 (d) The Secretary of the Office of Policy and Management may  
327 adopt regulations, in accordance with the provisions of chapter 54 of  
328 the general statutes, to implement the provisions of this section.

329 Sec. 7. (NEW) (*Effective July 1, 2007*) (a) Upon confirmation of  
330 approval by the Office of Policy and Management of a proposed  
331 housing incentive zone in a municipality, the office shall make  
332 payments to the municipality as follows:

333 (1) A zoning incentive payment in the amount of two thousand  
334 dollars shall be made for each unit of housing which can be built in  
335 such zone. The maximum number of units that can be built within the  
336 zone shall be based upon the zoning regulations adopted in the  
337 housing incentive zone and the housing plan of the municipality  
338 provided for in section 4 of this act; and

339 (2) A one-time building incentive payment shall be made to each  
340 municipality for each housing unit within a housing incentive zone for  
341 which a building permit is issued after approval by the Office of Policy  
342 and Management. Payment shall be in the amount of two thousand  
343 dollars for each multifamily housing unit, duplex unit and townhouse  
344 multifamily unit and in the amount of five thousand dollars for each  
345 single-family unit. The amount shall be paid on a unit basis upon  
346 submission by a municipality of proof of issuance of a building permit  
347 for a particular housing unit or units within the zone.

348 (b) Residential units that are part of a development that constitutes  
349 age-restricted housing in compliance with the federal Fair Housing  
350 Act, 42 USC 3607 shall not be eligible for any of the incentive payments  
351 provided by subdivision (1) of subsection (a) of this section.

352 Sec. 8. (NEW) (*Effective July 1, 2007*) (a) Each municipality seeking  
353 housing incentive education cost reimbursement pursuant to the  
354 establishment of a housing incentive zone as provided for in sections 1

355 to 16, inclusive, of this act, shall include in its data of record, pursuant  
356 to subsection (a) of section 10-262i of the general statutes, as of  
357 December first prior to the fiscal year such reimbursement is to be  
358 made, the number of children age five to seventeen, inclusive, as  
359 defined in subdivision (10) of section 10-262f of the general statutes,  
360 identified as residing in units of housing in a housing incentive zone  
361 established under sections 1 to 16, inclusive, of this act.

362 (b) The municipality shall be eligible for payment of a housing  
363 incentive education cost reimbursement through bonds or other  
364 obligations issued by the Connecticut Health and Education Financing  
365 Authority pursuant to section 13 of this act. The amount of such  
366 payment shall be determined annually based on the number of  
367 children identified pursuant to subsection (a) of this section, multiplied  
368 by the difference between the regular program expenditures or the  
369 regular program expenditures per need student, whichever applies, as  
370 defined in subdivisions (20) and (21) of section 10-262f of the general  
371 statutes, respectively, of the municipality divided by the number of  
372 children age five to seventeen, inclusive, in the municipality, as  
373 defined in subdivision (10) of section 10-262f of the general statutes,  
374 and the sum of (1) any per capital equalization aid grant pursuant to  
375 section 10-262h of the general statutes adjusted annually on the basis of  
376 the number of children in the municipality age five to seventeen,  
377 inclusive, as defined in section 10-262f of the general statutes; and (2)  
378 fifty per cent of the incremental increase in real and personal property  
379 taxes attributable to the housing and other development within the  
380 incentive zone, divided by the number of children identified pursuant  
381 to subsection (a) of this section.

382 (c) Each municipality shall provide to the authority information and  
383 data necessary to support the issuance of said bonds or other  
384 obligations of the authority. The Department of Education shall certify  
385 the information and data to the authority.

386 Sec. 9. (NEW) (*Effective July 1, 2007*) (a) A zoning commission may  
387 adopt provisions in regulations adopted under section 8-2 of the

388 general statutes or any special act that prescribes the contents of an  
389 application required for approval of a project in a housing incentive  
390 zone. The regulations may require the applicant to pay the cost of  
391 reasonable consulting fees to provide peer review of the application for  
392 the benefit of the zoning commission. Such fees shall be held in a  
393 separate account and used only for expenses associated with the  
394 review of the application by outside consultants and any surplus  
395 remaining after the completion of such review, shall be returned to the  
396 applicant, including any interest accrued. The housing incentive zone  
397 regulations may provide for the referral of the application for  
398 comment to other agencies or boards in the municipality. If an  
399 application is referred to another board or commission, the board or  
400 agency shall provide any comments to the zoning commission within  
401 the applicable time period contained in section 8-7d of the general  
402 statutes.

403 (b) A project shall be approved by the zoning commission subject  
404 only to conditions that are necessary to (1) ensure substantial  
405 compliance of the proposed development with the requirements of the  
406 housing incentive zone regulations and design standards; or (2)  
407 mitigate any extraordinary adverse impacts of the project on nearby  
408 properties. An application for development may be denied only on the  
409 grounds that: (A) The development does not meet the conditions and  
410 requirements set forth in the housing incentive zone regulations; (B)  
411 the applicant failed to submit information and fees required by the  
412 regulations and necessary for an adequate and timely review of the  
413 design of the development or potential development impacts; or (C) it  
414 is not possible to adequately mitigate significant adverse project  
415 impacts on nearby properties by means of suitable conditions.

416 (c) Approval of a project shall be valid and run with the land  
417 indefinitely, provided construction commences not more than two  
418 years after the zoning commission makes a decision on the application.  
419 The time shall be extended (1) by the time required to adjudicate any  
420 appeal of the decision of the commission approval; (2) by the zoning

421 commission if the proponent of the development is actively pursuing  
422 other permits needed for the project; (3) if there is other good cause for  
423 the failure to commence construction; or (4) as provided in an approval  
424 for a multiphase project.

425       Sec. 10. (NEW) (*Effective July 1, 2007*) (a) The Office of Policy and  
426 Management shall be responsible for the administration, review and  
427 reporting on the housing incentive zone program as provided in  
428 sections 1 to 16, inclusive, of this act.

429       (b) On or before January 1, 2009, and annually thereafter, the office  
430 shall submit an annual report on the program to the General Assembly  
431 in accordance with section 11-4a of the general statutes. Each  
432 municipality shall submit to the office any data requested by the office  
433 on the housing incentive program. The report shall be based on such  
434 data and shall be for the period ending the last day of the prior fiscal  
435 year. The report shall (1) identify and describe the status of  
436 municipalities actively seeking letters of eligibility; (2) identify  
437 approved housing incentive zones and the amounts and anticipated  
438 schedule of zoning incentive and building incentive payments under  
439 section 7 of this act, and education reimbursement payments pursuant  
440 to section 8 of this act during the prior and current fiscal year; (3)  
441 summarize the amount of land areas zoned for particular types of  
442 projects in both proposed and approved zones, the number of  
443 developments being reviewed by zoning commissions under section 9  
444 of this act, including the number and type of proposed residential  
445 units, the number of building permits issued, the number of completed  
446 housing units and their type; (4) state the amount of one-time zoning  
447 and building incentive payments and the amount of education  
448 reimbursement payments made to each municipality; and (5) for the  
449 current and immediately succeeding fiscal years, make estimates for  
450 (A) anticipated number and size of proposed new housing incentive  
451 zones over such time period; (B) the number and size of new housing  
452 incentive zones that may be approved over such time period; (C) the  
453 potential number of residential units to be allowed in such new and

454 proposed housing incentive zones; and (D) anticipated construction of  
455 housing over such time period.

456       Sec. 11. (NEW) (*Effective July 1, 2007*) A municipality may apply to  
457 the Office of Policy and Management for approval of an existing  
458 zoning district as a housing incentive zone if such zoning district  
459 meets the requirements of a housing incentive zone, including the  
460 affordability and density requirements. The application requirements  
461 shall be the same as for a new housing incentive zone. Upon approval,  
462 the municipality shall be eligible for the one-time building incentive  
463 payments upon the construction of units within the housing incentive  
464 zone from the date of approval under subdivision (2) of subsection (a)  
465 of section 7 of this act, but shall not be eligible for zoning incentive  
466 payments without increasing the existing density by at least twenty-  
467 five per cent under subdivision (1) of subsection (a) of section 7 of this  
468 act.

469       Sec. 12. (NEW) (*Effective July 1, 2007*) (a) The Office of Policy and  
470 Management may require the municipality to repay to the state all  
471 payments paid to a municipality under section 7 of this act upon  
472 determination by the Office of Policy and Management that (1) no  
473 construction has been started in a housing incentive zone in a  
474 municipality ten years after the date of any payment to the  
475 municipality under section 7 of this act, or (2) the municipality has  
476 acted to discourage housing development or imposed other barriers to  
477 the production of housing within the zone.

478       (b) The Secretary of the Office of Policy and Management may  
479 adopt regulations to implement the provisions of this section.

480       Sec. 13. (NEW) (*Effective July 1, 2007*) (a) The Connecticut Health and  
481 Educational Facilities Authority is authorized to issue bonds or other  
482 obligations of the authority, in principal amounts in the aggregate not  
483 to exceed one hundred eighteen million three hundred thousand  
484 dollars before the fiscal year ending June 30, 2023, payable solely from  
485 and secured by state assistance payments pursuant to section 14 of this



486 act, for the purpose of providing funds for zoning incentive payments  
487 pursuant to subdivision (1) of subsection (a) of section 7 of this act and  
488 building incentive payments pursuant to subdivision (2) of subsection  
489 (a) of section 7 of this act and section 11 of this act.

490 (b) The authority is further authorized to issue bonds or other  
491 obligations of the authority annually, payable solely from and secured  
492 by state assistance payments pursuant to section 14 of this act, in  
493 principal amounts in the aggregate not exceeding two billion one  
494 hundred ten million dollars before the fiscal year ending June 30, 2038,  
495 for the purpose of providing educational cost assistance to such  
496 municipalities pursuant to section 8 of this act and rental assistance to  
497 affordable housing sponsors pursuant to section 20 of this act.

498 (c) Any bonds issued by the authority for the purposes of subsection  
499 (a) or (b) of this section and at any time outstanding may at any time or  
500 from time to time be refunded by the authority, in whole or in part, by  
501 the issuance of its refunding bonds in such amounts as the authority  
502 may deem necessary or appropriate but not exceeding an amount  
503 sufficient to refund the principal amount of the bonds to be so  
504 refunded, any unpaid interest thereon, and any premiums,  
505 commissions and costs of issuance necessary to be paid in connection  
506 therewith.

507 (d) The Connecticut Health and Educational Facilities Authority  
508 may pledge the state assistance authorized in section 16 of this act as  
509 security for the payment of such bonds or refunding bonds issued by  
510 said authority.

511 (e) The proceeds, if any, of bonds issued pursuant to this section  
512 shall be transferred to the State Treasurer for deposit in the Housing  
513 for Economic Growth Fund established in section 15 of this act for  
514 application in accordance with subsection (c) of section 16 of this act.  
515 No bonds shall be issued by the authority pursuant to this section  
516 without prior authorization from the State Treasurer and the Secretary  
517 of the Office of Policy and Management.

518 (f) Subject to the contract entered into with the state pursuant to  
519 section 14 of this act, bonds issued by the authority under this section  
520 may be sold at public or private sale, in such manner, at such price or  
521 prices, at such time or times and on such other terms and conditions as  
522 are consistent with the purposes and provisions of this act. Any bonds  
523 sold at private sale pursuant to subsection (a) of this section may be  
524 sold directly to a municipality, the consideration for which may be the  
525 establishment and development of a housing incentive zone by such  
526 municipality in lieu of cash or other form of payment. Any bonds sold  
527 at private sale pursuant to subsection (b) of this section for the purpose  
528 of providing funds: (1) For housing incentive educational cost  
529 reimbursement, may be sold directly to a municipality, the  
530 consideration for which may be the construction and occupancy of one  
531 or more housing units within an established housing incentive zone, in  
532 which there resides one or more eligible students, and (2) for rental  
533 assistance, may be sold directly to an affordable housing sponsor or, as  
534 may be required for the financing of such housing, the assignee of such  
535 sponsor so long as such assignment has prior approval of the Secretary  
536 of the Office of Policy and Management, the consideration for which  
537 bonds may be the construction and occupancy of one or more housing  
538 units within an established housing incentive zone, in which no less  
539 than twenty per cent of the units are available as affordable housing  
540 for a period of not less than thirty years. In the discretion of the  
541 Secretary of the Office of Policy and Management, pursuant to  
542 guidelines established by the secretary, bonds or other obligations of  
543 the authority may be sold to a municipality pursuant to subdivision (1)  
544 of this subsection, notwithstanding that at the time of the issuance of  
545 such bonds or other obligations, no eligible students reside in the  
546 housing units for which financing will be provided.

547 (g) Any bonds or other obligations of the authority sold to a  
548 municipality or sponsor at private sale pursuant to this section shall be  
549 issued as capital appreciation bonds, and shall be subject to  
550 redemption upon such terms established by the authority and agreed  
551 to by the municipality or the sponsor, as the case may be. Any bonds

552 sold to a municipality or sponsor pursuant to this section shall be  
553 registered in the name of the municipality or sponsor to which such  
554 bond is issued and, except as otherwise provided in sections 1 to 16,  
555 inclusive, of this act, shall not be transferable by such municipality or  
556 sponsor except upon a default by the authority in the payment of  
557 principal of or interest on such bond when due. At or prior to the  
558 issuance of a bond or bonds of the authority to a municipality or  
559 sponsor pursuant to this section, the authority shall receive from the  
560 Secretary of the Office of Policy and Management, as a condition  
561 precedent to the issuance of such bond or bonds, a certificate to the  
562 effect that the consideration for the issuance of such bond or bonds by  
563 the authority complies with the provisions of this section and is  
564 consistent with the purposes of sections 1 to 16, inclusive, of this act.

565 (h) Any bonds issued by the authority pursuant to this section shall  
566 be special obligations of the authority and shall not be payable from or  
567 charged upon any funds other than revenues pledged therefor and  
568 deposited in the Housing for Economic Growth Fund, established in  
569 section 15 of this act. The authority or the state shall not be subject to  
570 any liability thereon except to the extent of such pledged revenues.

571 (i) In the discretion of the authority, any bonds or other obligations  
572 issued under the provisions of this section may be secured by a trust  
573 agreement by and between the authority and a corporate trustee or  
574 trustees, which may be any trust company or bank having the powers  
575 of a trust company within or without the state. If such bonds are sold  
576 directly to a municipality or a sponsor, the provisions of this section  
577 shall preclude the authority from acting as trustee for the benefit of the  
578 holders of such bonds or other obligations and, as trustee, the  
579 authority shall have the right, power and authority to enforce the  
580 obligations of the state under any contract entered into for state  
581 assistance pursuant to sections 1 to 16, inclusive, of this act.

582 (j) The state of Connecticut does hereby pledge to and agree with  
583 the holders of any bonds and other obligations of the Connecticut  
584 Health and Educational Facilities Authority issued under this section

585 and with those parties who may enter into contracts with the authority  
586 pursuant to the provisions of this act that the state will not limit or  
587 alter the rights hereby vested in the authority or revoke, amend or alter  
588 the state assistance agreement until such bonds or other obligations,  
589 together with the interest thereon, are fully met and discharged and  
590 such contracts and state assistance agreement are fully performed on  
591 the part of the authority and the state, respectively, provided nothing  
592 contained herein shall preclude such limitation, revocation,  
593 amendment or alteration if and when adequate provision shall be  
594 made by law for the protection of the holders of such bonds and other  
595 obligations of the authority or those entering into such contracts with  
596 the authority. The authority as agent for the state is authorized to  
597 include this pledge and undertaking for the state in such obligations or  
598 contracts.

599       Sec. 14. (NEW) (*Effective July 1, 2007*) (a) On and after July 1, 2007,  
600 the State Bond Commission may authorize the State Treasurer and the  
601 Secretary of the Office of Policy and Management to enter into a  
602 contract or contracts to provide state assistance on bonds or other  
603 obligations issued by the Connecticut Health and Educational Facilities  
604 Authority pursuant to section 13 of this act. If authorized by the State  
605 Bond Commission, the state, acting by and through the Secretary of the  
606 Office of Policy and Management and the State Treasurer, shall enter  
607 into a contract or contracts with the authority that provide that the  
608 state shall pay to said authority state assistance on bonds issued by  
609 said authority for purposes of sections 1 to 16, inclusive, of this act, and  
610 costs of issuance. Any such contract entered into pursuant to this  
611 section shall include provisions the Secretary of the Office of Policy  
612 and Management and the State Treasurer find that are: (1) Necessary  
613 to assure the effectuation of the housing for economic growth  
614 initiative, and (2) in the best interests of the state to allow that such  
615 state assistance be paid by the state directly to the trustee or paying  
616 agent for any bonds, refunding bonds or other obligations of the  
617 authority, as applicable, with respect to which the state assistance is  
618 provided. Any provision of any such contract entered into providing

619 for payments equal to annual debt service shall constitute a full faith  
620 and credit obligation of the state and as part of the contract of the state  
621 with the holders of any bonds, refunding bonds or other obligations of  
622 the authority, as applicable, appropriation of all amounts necessary to  
623 meet punctually the terms of such contract is hereby made and the  
624 State Treasurer shall pay such amounts as the same become due. The  
625 state, acting by and through the Office of Policy and Management and  
626 the State Treasurer and without further authorization, may execute an  
627 amendment to any contract providing state assistance as required in  
628 connection with the issuance by the authority of any refunding bonds.

629 (b) Notwithstanding the provisions of any contract entered into by  
630 the state with the Connecticut Health and Educational Facilities  
631 Authority for state assistance, the bonds, refunding bonds or other  
632 obligations of the authority to which such state assistance applies shall  
633 not constitute bonds or notes issued or guaranteed by the state within  
634 the meaning of section 3-21 of the general statutes.

635 Sec. 15. (NEW) (*Effective July 1, 2007*) (a) There is established, within  
636 the General Fund, a separate, nonlapsing fund to be known as the  
637 "Housing for Economic Growth Fund" to be held by the State  
638 Treasurer separate and apart from all other moneys, funds and  
639 accounts. There shall be deposited in the Housing for Economic  
640 Growth Fund: (1) Any amounts appropriated by the state for the  
641 purposes of the housing incentive zone program pursuant to sections 1  
642 to 16, inclusive, of this act; (2) all amounts representing repayment of  
643 the loans made by the state pursuant to section 19 of this act; (3)  
644 repayments of state financial assistance in connection with the housing  
645 incentive zone program pursuant to section 12 of this act; (4) the  
646 proceeds, if any, of bonds or other obligations issued by the  
647 Connecticut Health and Educational Facilities Authority pursuant to  
648 section 13 of this act net of the costs of issuance incurred in connection  
649 with the issuance of such bonds or other obligations; and (5)  
650 investment earnings on amounts on deposit in the fund which are to  
651 be credited to the assets of the fund.

652 (b) Any moneys held in the Housing for Economic Growth Fund  
653 may, pending the use or application thereof for an authorized purpose,  
654 be invested or reinvested, as the case may be, in (1) such obligations,  
655 securities and investments as are set forth in subsection (f) of section 3-  
656 20 of the general statutes, (2) in participation certificates in the Short  
657 Term Investment Fund created under sections 3-27a and 3-27f of the  
658 general statutes, and (3) participation units in the combined  
659 investment funds, as defined in section 3-31b of the general statutes.  
660 Proceeds from investments authorized by this subsection shall be  
661 credited to the Housing for Economic Growth Fund.

662 (c) The State Treasurer shall establish such accounts and  
663 subaccounts, if any, within the Housing for Economic Growth Fund as  
664 may be necessary to effect the purposes of sections 1 to 16, inclusive, of  
665 this act and to serve the administrative convenience of the state.

666 (d) Moneys of the Housing for Economic Growth Fund shall be  
667 used to fund the housing incentive zone program established pursuant  
668 to sections 1 to 16, inclusive, of this act, and shall be disbursed as  
669 provided in section 16 of this act.

670 Sec. 16. (NEW) (*Effective July 1, 2007*) (a) For the purpose of  
671 providing funds for (1) the annual administrative costs and expenses  
672 of the housing incentive zone program, including any annual  
673 administrative costs of the Connecticut Health and Educational  
674 Facilities Authority incurred in connection with the issuance of its  
675 bonds or other obligations pursuant to section 14 of this act, and (2) in  
676 fiscal years ending June 30, 2008, June 30, 2009, and June 30, 2010,  
677 zoning incentive payments pursuant to subdivision (1) of subsection  
678 (a) of section 7 of this act and building incentive payments pursuant to  
679 subdivision (2) of subsection (b) of section 7 and section 11 of this act,  
680 the State Treasurer shall, commencing in the fiscal year ending June 30,  
681 2008, and in each fiscal year until the fiscal year ending June 30, 2037,  
682 disburse moneys on deposit in the Housing for Economic Growth  
683 Fund to the Office of Policy and Management, as follows: (A) In (i)  
684 years 2008 to 2017, inclusive, in an amount equal to one million dollars,

685 (ii) years 2018 to 2022, inclusive, in an amount equal to one million five  
686 hundred thousand dollars, and (iii) years 2023 to 2037, inclusive, in an  
687 amount equal to two hundred fifty thousand dollars such moneys to  
688 be made available by the Office of Policy and Management in equal  
689 annual amounts for such administrative costs, grants-in-aid to  
690 municipalities and grants-in-aid to nonprofit housing or development  
691 corporations, and (B) in years 2008 to 2010, inclusive, an amount not to  
692 exceed in the aggregate one million six hundred thousand dollars,  
693 such moneys to be made available by the Office of Policy and  
694 Management to municipalities as zoning incentive payments and  
695 building incentive payments.

696 (b) Commencing in the fiscal year ending June 30, 2008, and in each  
697 fiscal year thereafter, until the fiscal year ending June 30, 2037, moneys  
698 on deposit in the Housing for Economic Growth Fund representing the  
699 balance of amounts deposited therein pursuant to section 13 of this act,  
700 investment earnings on amounts deposited therein pursuant to section  
701 13 of this act, and repayments of loans made to municipalities  
702 pursuant to section 19 of this act shall be available for disbursement to  
703 the Office of Policy and Management in an annual aggregate amount  
704 not to exceed six million dollars for the purpose of making loans to  
705 municipalities pursuant to section 19 of this act.

706 (c) Moneys deposited in the Housing for Economic Growth Fund  
707 from proceeds, if any, of bonds or other obligations issued by the  
708 Connecticut Health and Educational Facilities Authority pursuant to  
709 subsection (a) of section 14 of this act, and investment earnings  
710 thereon, shall be disbursed to the Office of Policy and Management for  
711 the purpose of providing funds for the payment of zoning incentive  
712 payments and building incentive payments pursuant to sections 7 and  
713 11 of this act.

714 Sec. 17. Subsection (c) of section 4b-21 of the general statutes is  
715 repealed and the following is substituted in lieu thereof (*Effective July*  
716 *1, 2007*):

717 (c) If the secretary determines that such land, improvement, interest  
718 or part thereof may properly be treated as surplus, he shall notify the  
719 Commissioner of Public Works. If the secretary also determines that  
720 such land, improvement or interest or part thereof was purchased or  
721 improved with proceeds of tax exempt obligations issued or to be  
722 issued by the state, he shall also notify the Treasurer. The  
723 Commissioner of Public Works may sell, exchange or lease, or enter  
724 into agreements concerning, such land, improvement, interest or part  
725 thereof, after (1) notifying (A) the municipality or municipalities in  
726 which such land, improvement or interest is located, [and] (B) the  
727 members of the General Assembly representing such municipality or  
728 municipalities, and (C) any potential developer of affordable housing  
729 or incentive based housing under this act who has registered with the  
730 commissioner of economic and community development that they  
731 wished to be notified of any such state surplus land, and (2) obtaining  
732 the approval of (A) the Secretary of the Office of Policy and  
733 Management, (B) the State Properties Review Board, and (C) the joint  
734 standing committees of the General Assembly having cognizance of  
735 matters relating to (i) state revenue, and (ii) the purchase and sale of  
736 state property and facilities, and (3) if such land, improvement, interest  
737 or part thereof was purchased or improved with proceeds of tax-  
738 exempt obligations issued or to be issued by the state, obtaining the  
739 approval of the Treasurer. The Treasurer may disapprove such a  
740 transaction only if the transaction would affect the tax-exempt status of  
741 such obligations and could not be modified to maintain such tax-  
742 exempt status. If a proposed agreement for such a conveyance has not  
743 been submitted to the State Properties Review Board within three  
744 years after the Commissioner of Public Works provides such notice to  
745 such municipality and such members of the General Assembly, or if  
746 the board does not approve the proposed agreement within five years  
747 after such notice, the Commissioner of Public Works may not convey  
748 such land, improvement or interest without again so notifying such  
749 municipality and such members of the General Assembly. In the case  
750 of a proposed lease of land, an improvement to land or an interest in  
751 land, or any part thereof, with a person, firm or corporation in the



752 private sector, for a term of six months or more, the Commissioner of  
753 Public Works shall comply with such notice requirement by notifying  
754 in writing the chief executive officer of the municipality in which the  
755 land, improvement or interest is located and the members of the  
756 General Assembly representing such municipality, not less than two  
757 weeks before seeking the approval of said secretary, board and  
758 committees, concerning the proposed lease and the manner in which  
759 the lessee proposes to use the land, improvement or interest. Each  
760 agency, department or institution which informs the secretary that any  
761 land, improvement or interest in land is not needed shall retain  
762 responsibility for its security and maintenance until the Commissioner  
763 of Public Works receives custody and control of the property, if any.  
764 The Treasurer shall execute and deliver any deed or instrument  
765 necessary to convey the title to any property the sale or exchange of  
766 which or a contract for the sale or exchange of which is authorized by  
767 this section.

768       Sec. 18. (*Effective from passage*) (a) There is established a task force to  
769 study strategies to increase the amount of public and private financing  
770 for housing within the state. Such study shall include an examination  
771 of the feasibility of: (1) Establishing uniform underwriting criteria for  
772 the financing of multifamily housing; (2) expanding the usage of loan  
773 guaranties, mortgage insurance by the Connecticut Housing Finance  
774 Authority and other forms of credit enhancements to significantly  
775 expand the amount of public and private financing; (3) enhancing the  
776 state affordable housing tax credit program and historic tax credit  
777 program to promote renovation of existing housing; (4) expand the  
778 availability of project-based rental assistance program certificates; (5)  
779 coordinating financing to better utilize the four per cent federal tax  
780 credits; and (6) encouraging municipalities to utilize federal  
781 community development block grants to leverage additional financing  
782 of affordable housing. The task force may make recommendations  
783 concerning funding to support the inclusion of housing in intermodal  
784 transportation centers and transportation-oriented design.

785 (b) The task force shall consist of the following members:

786 (1) One appointed by the speaker of the House of Representatives,  
787 who shall be an advocate for affordable housing;

788 (2) One appointed by the president pro tempore of the Senate, who  
789 shall be a representative of a municipality with a population over one  
790 hundred thousand;

791 (3) One appointed by the majority leader of the House of  
792 Representatives, who shall be a for-profit housing developer;

793 (4) One appointed by the majority leader of the Senate, who shall be  
794 a nonprofit housing developer;

795 (5) One appointed by the minority leader of the House of  
796 Representatives, who shall be a representative of the banking industry  
797 with experience in financing multifamily housing;

798 (6) One appointed by the minority leader of the Senate, who shall be  
799 a representative of a municipality with a population less than one  
800 hundred thousand;

801 (7) The Commissioner of Economic and Community Development,  
802 or the commissioner's designee;

803 (8) The chairperson of the Connecticut Housing Finance Authority,  
804 or the chairperson's designee;

805 (9) The Secretary of the Office of Policy and Management, or the  
806 secretary's designee;

807 (10) The chairpersons of the select committee of the General  
808 Assembly having cognizance of matters relating to housing, or their  
809 designees;

810 (11) The ranking members of the select committee of the General  
811 Assembly having cognizance of matters relating to housing, or their

812 designees; and

813 (12) The Secretary of the Office of Policy and Management, or the  
814 secretary's designee.

815 (c) All appointments to the task force shall be made not later than  
816 thirty days after the effective date of this section. Any vacancy shall be  
817 filled by the appointing authority.

818 (d) The chairpersons of the select committee of the General  
819 Assembly having cognizance of matters relating to housing shall be the  
820 chairpersons of the task force. Such chairpersons shall schedule the  
821 first meeting of the task force which shall be held not later than sixty  
822 days after the effective date of this section.

823 (e) Not later than January 1, 2008, the task force shall submit a  
824 report on its findings and recommendations to the select committee of  
825 the General Assembly having cognizance of matters relating to  
826 housing, in accordance with the provisions of section 11-4a of the  
827 general statutes. The task force shall terminate on the date that it  
828 submits such report or January 1, 2008, whichever is earlier.

829 Sec. 19. (*Effective from passage*) For the purpose of capitalizing the  
830 Housing for Economic Growth Fund created by section 15 of this act,  
831 the sum of twenty million dollars is hereby appropriated from the  
832 surplus in the General Fund for the fiscal year ending June 30, 2007, as  
833 certified by the State Comptroller on or prior to September 15, 2007,  
834 such sum, together with investment earnings thereon and repayments  
835 of municipal loans made therefrom, shall be applied as provided in  
836 section 16 of this act to provide funds for (1) the administrative costs  
837 and expenses of the housing incentive zone program, (2) grants-in-aid  
838 to municipalities and nonprofit housing or development corporations  
839 pursuant to sections 17 and 18 of this act, as applicable, and (3) loans to  
840 municipalities pursuant to section 19 provided that for the fiscal years  
841 ending June 30, 2008, June 30, 2009, and June 30, 2010, such sum may  
842 also be used to provide funds for zoning incentive payments pursuant

843 to subsection (a) of section 7 of this act and building incentive  
 844 payments pursuant to subsection (a) of section 7 of this act and section  
 845 11 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>July 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>July 1, 2007</i>	New section
Sec. 11	<i>July 1, 2007</i>	New section
Sec. 12	<i>July 1, 2007</i>	New section
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2007</i>	New section
Sec. 16	<i>July 1, 2007</i>	New section
Sec. 17	<i>July 1, 2007</i>	4b-21(c)
Sec. 18	<i>from passage</i>	New section
Sec. 19	<i>from passage</i>	New section

**HSG**

**Joint Favorable Subst. C/R**

**PD**